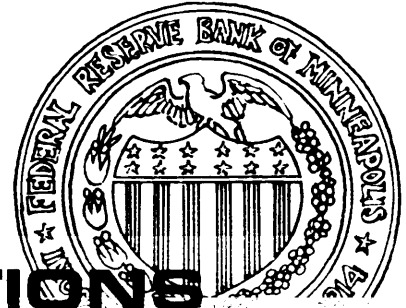


## monthly statistical report

# NINTH DISTRICT CONDITIONS

## federal reserve bank of minneapolis



### DIFFERENT TRENDS CHARACTERIZE LOAN GROWTH AT CITY AND COUNTRY BANKS

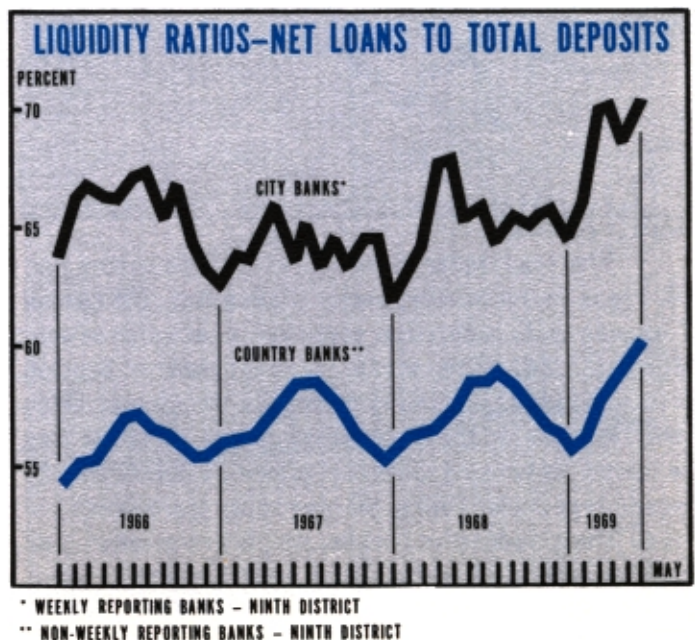
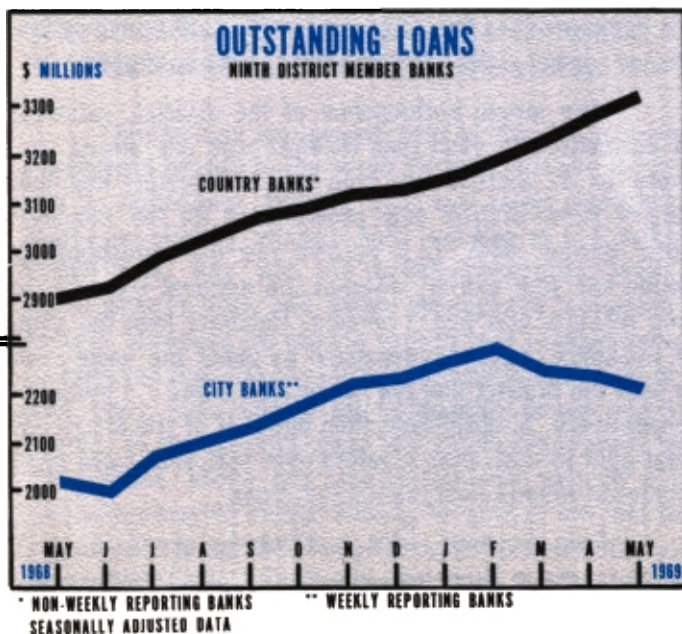
Total credit (loans and investments) at Ninth district member banks continues to advance at a rather slow pace as a result of the restrictive stance of monetary policy during 1969. Credit trends during April and May were clouded by sharp fluctuations in U.S. government demand deposits which were absorbed through changes in holdings of U.S. Treasury securities. Over the April-May two-month period, however, total credit at district banks as a whole expanded at an annual rate of 3 percent. Though slightly faster than the pace maintained during the first quarter it was considerably slower than the 15 percent annual rate of growth recorded during the second half of 1968.

Loan growth at district banks as a whole advanced at an annual rate of 7 percent during the April-May period, essentially matching the first quarter pace but falling considerably short of the 19 percent rate of growth maintained during the last six months of 1968. Sharply divergent trends characterize recent loan growth at city and country banks. Loans at country banks advanced at a

rapid 17 percent annual rate during the April-May period — a rate which was not only faster than that of the first quarter but of the last half of 1968 as well. City banks, on the other hand, have been reducing (on a seasonally adjusted basis) the level of outstanding loans. During the April-May period total loans declined at a 6 percent annual rate after remaining nominally unchanged in the first quarter. This is in contrast to the last six months of 1968 when loan expansion at city banks increased at an annual rate of 23 percent.

The faster growth of loans at district country banks relative to city banks in recent months appears to have been due primarily to relatively stronger deposit inflows at the smaller banks. That lending rates have recently increased suggests that loan demand remains strong at city banks.

Time and savings deposits at country banks increased at an 8 percent annual rate during April-May. At city banks, on the other hand, total time and savings deposits declined at an annual rate of 8 percent. The contrasting pattern of time deposit flows during this period can be explained largely by the continued outflow



of large certificates of deposit which are issued primarily by city banks.

To augment the supply of loanable funds, district banks have continued to reduce their holdings of U.S. government securities and have virtually ceased adding municipal securities to their portfolios. As a result liquidity positions continue to deteriorate. The loan-deposit ratio of city banks, for example, stood at 70 percent at the end of May compared to 65 percent in May 1968. At country banks this ratio rose from 58 percent to 60 percent during this same 12-month period.

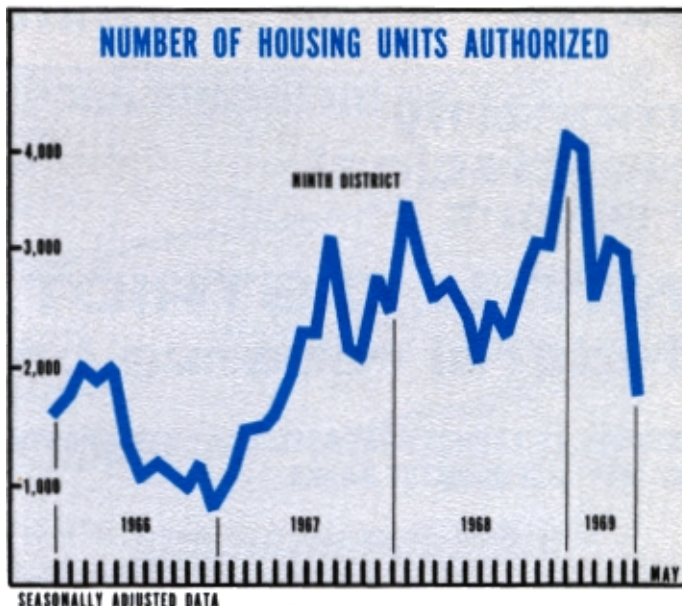
## HOUSING UNITS AUTHORIZED BY BUILDING PERMITS FALL

Statistical indicators reveal that the construction industry in the Ninth Federal Reserve District continued to feel the effects of restrictive money conditions in May. Construction employment fell for the third consecutive month during May, declining to 98,100 on a seasonally adjusted basis. This was about 1 percent below the previous month's level and nearly 7 percent lower than the peak reached in February. Although some of the decrease in employment during the past three months can be attributed to a changing seasonal pattern which has characterized this series, other evidence suggests that construction activity in the district has at least leveled off if not actually declined.



The most apparent weakness in the construction industry is in the housing sector. During May, the number of housing units authorized continued to move downward falling to 1,840. This was the fewest number of housing units authorized by building permits in the district since April 1967. During the Three-month period ending in May, the number of housing units authorized by permit was 25 percent lower than during the preceding three-month interval. The slowdown in housing which was evidenced by housing permit data is consistent with information relat-

ing to contract awards in residential building. During the three months ending in April, residential contract awards fell nearly 11 percent.



Other sectors of the construction industry also appear to be softening. Contract awards for nonresidential building fell about 18 percent during the three months ending in April from the near-record levels recorded earlier in the year. Nonbuilding construction has experienced some resurgence in recent months, but the level of nonbuilding contract awards is still lagging year-earlier levels. During the first four months of 1969, contracts for "heavy construction" were 12 percent below the comparable period last year.

## CASH FARM RECEIPTS ARE UP IN THE NINTH DISTRICT

Ninth district farmers appear to be operating with a stronger cash position than they had at this time last year. Estimates of Cash Farm Receipts indicate that, for the January-April period, total receipts from farm marketings in the Ninth district were nearly 10 percent ahead of the corresponding level one year earlier. The comparable change for the nation was 6 percent above last year.

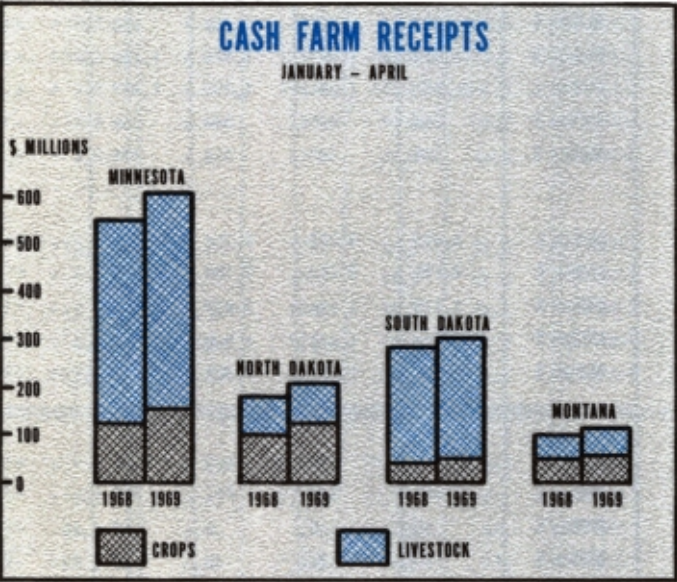
The strong performance of the district, relative to the nation, in cash farm receipts was due almost entirely to an increase in crop sales. Receipts from the sale of Ninth district crop commodities for the January-April period were 17.5 percent over the corresponding period one year earlier, whereas the national increase in crop receipts was just 3 percent. Receipts from the sale of livestock, however, expanded by about the same rate in both the district and the nation at 6.5 and 7.5 percent, respectively. Slightly more than one-half of the district's total gain in cash farm receipts over last year came from increased returns from the sale of crops.

Crop incomes were particularly ahead of last year's levels in Minnesota and North Dakota. Minnesota,



a heavy corn-producing state, has profited from a rather dramatic price increase in corn. Large sales out of farm storage at higher prices have likely accounted for a sizeable part of the larger cash receipts in this case. North Dakota, on the other hand, being predominantly a wheat-producing state, has increased its crop income while marketing increased quantities on prices that are mostly lower than those of last year.

Indications appearing since the end of April suggest that the district's increase in total cash receipts over last year's levels has continued. The crop component has probably become less important than the live-stock component, as meat prices have increased even further since the end of April. Also, it is doubtful that the heavier marketings of crop commodities in North Dakota would have continued through May and June. In crops, a continued increase in the value of corn has given those producers a slight improvement over their April situation while in livestock, active bidding for feeder cattle has acted to the benefit of the rancher.



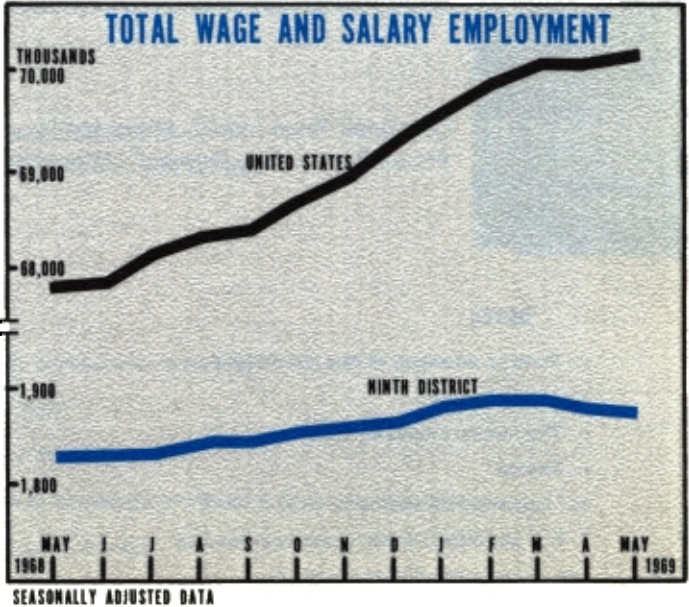
**GROWTH IN EMPLOYMENT DECLINES BUT UNEMPLOYMENT IS STILL AT A VERY LOW LEVEL**

Preliminary employment data for May indicate that employment growth in the Ninth Federal Reserve District may be moderating. District wage and salary employment decreased slightly between April and May at a .6 percent annual rate. May was the second consecutive month in which district wage and salary employment registered a decline. However, by making year-to-year comparisons it is apparent that the district's economy is operating at a high level even though the employment growth rate has slowed. In May district wage and salary employment was 2.8 percent above the year earlier level with all major sectors increasing except mining. In spite of the fact that employment growth has recently moderated conditions in the district's labor markets appear to be quite tight, with

the unemployment rate at only 3.2 percent in May, down from 3.4 percent in April.

In contrast to the district, national wage and salary employment increased at a 1.7 percent annual rate between April and May. And on a year-to-year basis national wage and salary employment was up 3.7 percent in May compared to the 2.8 percent increase in the Ninth district. The nation's rate of unemployment was 3.5 percent in May compared to 3.6 percent one year earlier.

Although manufacturing employment was virtually unchanged between April and May, other indicators show continued expansion in the district's manufacturing sector. The industrial use of electric power and production worker manhours were up 8.5 and 9.1 percent, respectively, at an annual rate, in the three month period ending in April. Manufacturers' sales are also growing faster in the district than in the nation according to the results of the recent Ninth District Industrial Expectations Survey and a similar national survey taken at the same time. The national survey indicated that manufacturers' sales increased 9.6 percent over year-earlier levels in the first quarter of this year compared to a 13.3 percent increase in the district. In the current quarter, manufacturers' sales are expected to increase 7.8 percent on a year-to-year basis for the nation as a whole while in the district sales are expected to be up 13.7 percent. This variation between the nation and district is expected to continue into the third quarter, for manufacturers' sales are expected to increase 16.3 percent in the district as opposed to 8.3 percent in the nation.



# NINTH DISTRICT income and finance

I N D I C A T O R	UNIT	1969			1968		Percent Change MAY to MAY
		JUNE	MAY	APRIL	MAY		
<b>MEASURES OF CONSUMER INCOME &amp; FINANCIAL POSITION</b>	Total Personal Income*						
	Nonagricultural Personal Income*						
	Average Weekly Earnings in Manufacturing <sup>1</sup>	Dollars,	n.a.	131.93e	132.14e	128.14	+ 3.0
	Consumer Installment Credit Outstanding <sup>2</sup>	Million \$	n.a.	1,271	1,252	1,147	+10.8
	Time and Savings Deposits at Member Banks	Million \$	n.a.	4,834	4,814	4,382	+10.3
	Savings Balances at Savings & Loan Assoc. <sup>3</sup>	Million \$	n.a.	3,266p	3,257	3,094	+ 5.6
	Cash Farm Receipts <sup>3</sup>	Million \$	n.a.	n.a.	275	253	
<b>MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS</b>	<b>CITY BANKS<sup>4,5</sup></b>						
	Adjusted Loans and Discounts <sup>6</sup>	Million \$	2,266	2,213	2,268	1,987	+11.4
	Commercial and Industrial Loans	Million \$	1,066	1,041	1,065	954	+ 9.1
	Real Estate Loans	Million \$	448	443	436	380	+16.6
	Gross Demand Deposits	Million \$	1,925	1,967	1,974	1,756	+12.0
	Time Deposits	Million \$	1,347	1,366	1,392	1,339	+ 2.0
	U.S. Government Securities	Million \$	286	309	344	356	-13.2
	Other Securities	Million \$	501	488	514	456	+ 7.0
	<b>COUNTRY BANKS<sup>4,7</sup></b>						
	Loans and Discounts	Million \$	3,421	3,322	3,254	2,905	+14.4
	Gross Demand Deposits	Million \$	2,101	2,062	2,084	1,921	+ 7.3
	Time Deposits	Million \$	3,469	3,456	3,422	3,043	+13.6
	U.S. Government Securities	Million \$	995	1,015	1,060	1,069	- 5.1
	Other Securities	Million \$	1,018	1,021	1,027	864	+18.2
<b>MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS</b>	Total Reserves <sup>8</sup>	Million \$	673	685	669	606	+13.0
	Required Reserves	Million \$	663	677	661	594	+14.0
	Excess Reserves	Million \$	10	8	8	12	-33.3
	Borrowings from FRB	Million \$	30	24	42	30	-20.0
	Ratio of Loans to Total Deposits—City Banks <sup>4</sup>	Percent	70.9	60.2	68.4	65.2	+ 4.4
	Ratio of Loans to Total Deposits—Country Banks <sup>4</sup>	Percent	61.4	60.2	59.1	58.5	+ 2.9
<b>MEASURES OF PRICE LEVELS</b>	Consumer Price Index <sup>9</sup> —Minneapolis	Index, sa			125.1		
	Prices Received by Farmers <sup>9</sup> —Minnesota	Index, sa	n.a.	123	119	113	+ 8.8

## NOTES

e—Partially estimated; all data not available

n.a.—Not available

p—Preliminary; subject to revision

r—Revised

sa—Seasonally adjusted data

\*—U.S. and District do not have comparable data

saar—Seasonally adjusted annual rate

## FOOTNOTES

1. Excluding Northwestern Wisconsin

2. All commercial banks, estimated by a sample of banks

3. Excluding Northwestern Wisconsin and Upper Michigan

4. Last Wednesday of the month figures

5. City Banks—Selected banks in major cities

6. Net loans and discounts less loans

to domestic commercial city banks

7. Country Banks—All member banks excluding the selected major city banks

8. Average of daily figures of the four or five weeks ending on Wednesday which contain at least four days falling within the month

9. Index: 1957-59 Base Period



# UNITED STATES income and finance

Percent Change MAY to MAY	1969				UNIT	I N D I C A T O R	
	JUNE	MAY	APRIL	MAY			
+ 8.4	n.a.	735.0p	731.2	678.2	Billion \$, saar	Total Personal Income	MEASURES OF CONSUMER INCOME & FINANCIAL POSITION
+ 8.5	n.a.	714.0p	710.3	658.0	Billion \$, saar	Nonagricultural Personal Income	
+ 5.8	n.a.	129.34p	127.58	122.29	Dollars	Average Weekly Earnings in Manufacturing	
+ 12.3	n.a.	38.3	37.9	34.1	Billion \$	Consumer Installment Credit Outstanding <sup>2</sup>	
+ 4.9	n.a.	159.7	160.1	152.3	Billion \$	Time and Savings Deposits at Member Banks	
+ 5.7	n.a.	133.6p	133.0	126.4	Billion \$	Savings Balances at Savings & Loan Assoc.	
	n.a.	n.a.	3.1	3.0	Billion \$	Cash Farm Receipts	
+ 12.7	n.a.	162.0	162.4	143.7	Billion \$	CITY BANKS <sup>4, 5</sup>	MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS
+ 14.2	n.a.	76.6	76.7	67.1	Billion \$	Adjusted Loans and Discounts <sup>6</sup>	
+ 10.7	n.a.	33.0	32.9	29.8	Billion \$	Commercial and Industrial Loans	
+ 10.6	n.a.	127.3	134.8	115.1	Billion \$	Real Estate Loans	
+ 1.9	n.a.	106.2	106.9	104.2	Billion \$	Gross Demand Deposits	
- 12.8	n.a.	23.1	24.8	26.5	Billion \$	Time Deposits	
+ 9.0	n.a.	37.7	38.4	34.6	Billion \$	U.S. Government Securities	
						Other Securities	
+ 13.5	n.a.	57.9	57.0	51.0	Billion \$	COUNTRY BANKS <sup>4, 7</sup>	
+ 6.1	n.a.	43.5	44.2	41.0	Billion \$	Loans and Discounts	
+ 11.2	n.a.	53.5	53.2	48.1	Billion \$	Gross Demand Deposits	
- 6.0	n.a.	17.1	17.6	18.2	Billion \$	Time Deposits	
+ 15.5	n.a.	18.6	18.6	16.1	Billion \$	U.S. Government Securities	
						Other Securities	
+ 9.5	n.a.	27,866p	27,114	25,445	Million \$	Total Reserves <sup>8</sup>	MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS
+ 10.2	n.a.	27,636p	26,957	25,071	Million \$	Required Reserves	
- 38.5	n.a.	230p	157p	374	Million \$	Excess Reserves	
+ 83.2	n.a.	1,359p	990	742	Million \$	Borrowings from FRB	
+ 5.9	n.a.	71.4	68.9	67.4	Percent	Ratio of Loans to Total Deposits—City Banks <sup>4</sup>	
+ 4.2	n.a.	59.7	58.5	57.3	Percent	Ratio of Loans to Total Deposits—Country Banks <sup>4</sup>	
+ 5.4	n.a.	126.8	126.4	120.3	Index, sa	Consumer Price Index <sup>9</sup>	MEASURES OF PRICE LEVELS
+ 8.3	n.a.	117	112	108	Index, sa	Prices Received by Farmers <sup>9</sup>	

## SOURCES

PERSONAL INCOME: U.S. Department of Commerce, Office of Business Economics

SAVINGS AND LOAN ASSOCIATIONS: Federal Home Loan Bank Board

CASH RECEIPTS FROM FARM MARKETINGS: U.S. Department of Agriculture

FINANCIAL DATA OF MEMBER BANKS: Federal Reserve Bank of Minneapolis and Board of Governors of F. R. System

CONSUMER PRICE INDEX: U.S. Department of Labor, Bureau of Labor Statistics

PRICES RECEIVED BY FARMERS: U.S. Department of Agriculture and Minnesota Farm Price Report

# NINTH DISTRICT production and employment

I N D I C A T O R		UNIT	1969		1968	Percent Change
			MAY	APRIL	MAY	MAY to MAY
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION	Total Industrial Production*					
	Electrical Energy Consumption: Mfg. and Mining <sup>1</sup>	Index, sa	253	248	233	+ 8.6
	Production Worker Manhours: <sup>1</sup>	Index, sa	122p	125	122	0.0
	Manufacturing	Index, sa	131p	134	130	+ 0.8
	Mining	Index, sa	79p	87	84	- 6.0
	Total Construction Contracts Awarded	Million \$, sa	n.a.	169.3	166.2	
	Residential Buildings	Million \$, sa	n.a.	59.8	54.2	
	Nonresidential Buildings	Million \$, sa	n.a.	52.2	57.5	
	All Other Construction	Million \$, sa	n.a.	57.3	54.5	
	Bldg. Permits: New Housing Units <sup>2</sup>	Number	2,782	4,205	3,812	- 27.0
MEASURES OF MANPOWER UTILIZATION	Civilian Work Force <sup>3</sup>	Thousands, sa	2,544p	2,555p	2,507	+ 1.5
	Total Civilian Employment	Thousands, sa	2,461p	2,467p	2,419	+ 1.7
	Number Unemployed	Thousands, sa	83p	88p	88	- 5.7
	Unemployment Rate <sup>3</sup>	Percent, sa	3.2p	3.4p	3.5	- 8.6
	Average Weekly Hours in Manufacturing <sup>3</sup>	Hours, sa	41.2e	41.2e	41.7	- 1.2
EMPLOYMENT BY INDUSTRY SECTOR	Wage and Salary Employment, Nonfarm <sup>3</sup>	Thousands, sa	1,878p	1,879p	1,827	+ 2.8
	Manufacturing	Thousands, sa	381p	381p	373	+ 2.1
	Mining	Thousands, sa	31p	32p	33	- 6.1
	Construction	Thousands, sa	97p	100p	96	+ 1.0
	Transport., Comm., & Public Utilities	Thousands, sa	131p	131p	129	+ 1.6
	Trade	Thousands, sa	456p	455p	440	+ 3.6
	Finance, Insurance & Real Estate	Thousands, sa	85p	85p	82	+ 3.7
	Service Industries	Thousands, sa	302p	301p	291	+ 3.8
	Government	Thousands, sa	395p	394p	383	+ 3.1
MEASURES OF SPENDING	Total Retail Sales*	Thousands, sa	n.a.	20.5	23.3	
	New Passenger Car Registrations Bank Debits <sup>4</sup>	Billion \$, saar	149.6	154.3	113.6	+ 31.7

## NOTES

e—Partially estimated; all data not available  
n.a.—Data not available  
p—Preliminary; subject to revision  
r—Revised  
sa—Seasonally adjusted data  
\*—U.S. and District do not have comparable data  
saar—Seasonally adjusted annual rate

## FOOTNOTES

1. Index: 1957-59 Base Period
2. A sample of permit issuing centers
3. Excluding Northwestern Wisconsin
4. Six standard metropolitan statistical areas
5. A sample of centers blown up to represent total permits issued
6. 226 centers excluding the seven leading centers



# UNITED STATES production and employment

Percent Change MAY to MAY	1969 MAY	1968 APRIL	1968 MAY	UNIT	I N D I C A T O R	
+ 5.5	173p	172	164	Index, sa	Total Industrial Production	MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION
				Index, sa	Electrical Energy Consumption: Mfg. and Mining <sup>1</sup>	
	n.a.	119p	116	Index, sa	Production Worker Manhours: <sup>1</sup>	
	n.a.	122p	119	Index, sa	Manufacturing	
	n.a.	83p	81	Index, sa	Mining	
+ 14.4	5923.4	5683.0	5176.7	Million \$, sa	Total Construction Contracts Awarded	
+ 2.6	2101.4	2276.1	2048.8	Million \$, sa	Residential Buildings	
+ 19.4	2339.2	2047.0	1959.2	Million \$, sa	Nonresidential Buildings	MEASURES OF MANPOWER UTILIZATION
+ 26.9	1482.8	1359.9	1168.7	Million \$, sa	All Other Construction	
		147.2	134.5	Thousands	Bldg. Permits: New Housing Units <sup>5</sup>	
+ 1.7	80,071p	80,450	78,742	Thousands, sa	Civilian Work Force	
+ 1.8	77,265p	77,605	75,932	Thousands, sa	Total Civilian Employment	
- 0.1	2,806p	2,845	2,810	Thousands, sa	Number Unemployed	
- 2.8	3.5p	3.5	3.6	Percent, sa	Unemployment Rate	
- 0.2	40.8p	40.8	40.9	Hours, sa	Average Weekly Hours in Manufacturing	
+ 3.7	70,282p	70,190	67,792	Thousands, sa	Wage and Salary Employment, Nonfarm	EMPLOYMENT BY INDUSTRY SECTOR
+ 2.1	20,112p	20,094	19,693	Thousands, sa	Manufacturing	
+ 1.7	642p	645	631	Thousands, sa	Mining	
+ 4.4	3,389p	3,421	3,245	Thousands, sa	Construction	
+ 4.7	4,481p	4,481	4,281	Thousands, sa	Transport., Comm., & Public Utilities	
+ 4.0	14,604p	14,574	14,049	Thousands, sa	Trade	
+ 5.3	3,510p	3,501	3,334	Thousands, sa	Finance, Insurance & Real Estate	
+ 4.8	10,926p	10,900	10,425	Thousands, sa	Service Industries	
+ 4.0	12,618p	12,574	12,134	Thousands, sa	Government	
+ 4.5	29,434e	29,370p	28,158	Million \$, sa	Total Retail Sales	MEASURES OF SPENDING
	n.a.	786.0	742.0	Thousands, sa	New Passenger Car Registrations	
+ 17.7	2966.8	2953.0	2521.4	Billion \$, saar	Bank Debits <sup>6</sup>	

INDUSTRIAL PRODUCTION: Board of Governors of F.R. System

INDUSTRIAL USE OF ELECTRIC POWER: Federal Reserve Bank of Minneapolis

PRODUCTION WORKER MANHOURS: Federal Reserve Bank of Minneapolis

CONSTRUCTION CONTRACTS AWARDED: Board of Governors of F. R. System, F. W. Dodge Corporation data

NEW HOUSING UNITS AUTHORIZED: Federal Reserve Bank of Minneapolis and U.S. Department of Commerce, Bureau of Census

BANK DEBITS: Board of Governors of F. R. System

## SOURCES

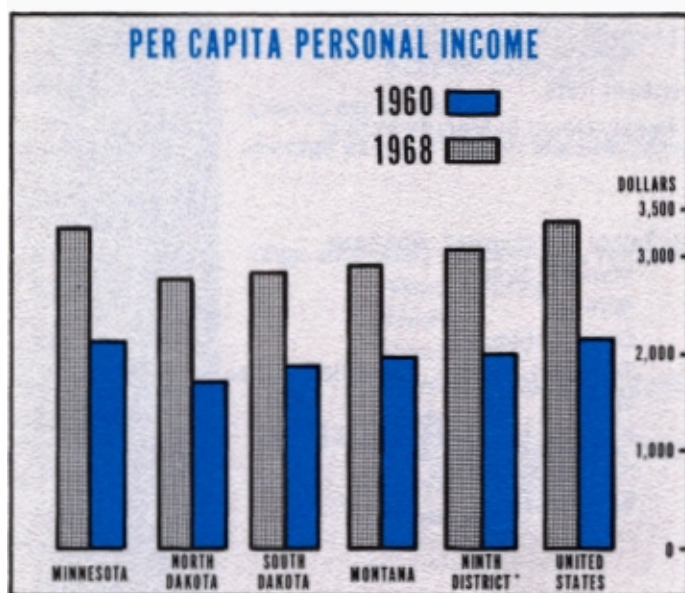
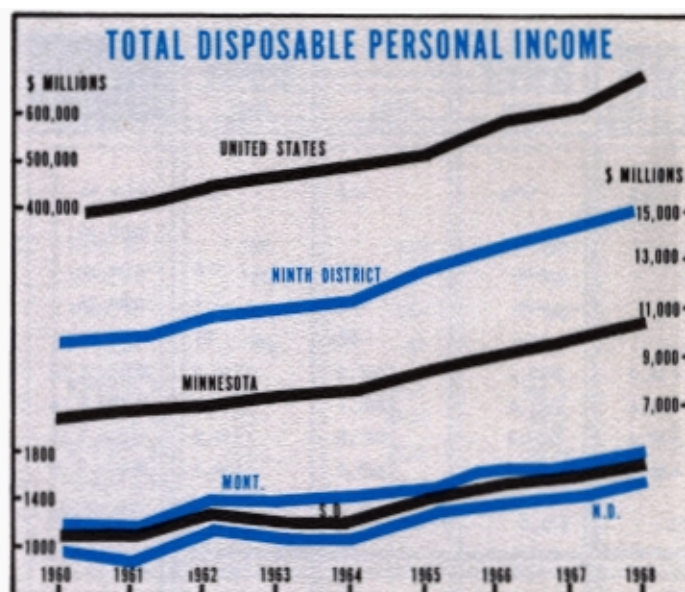
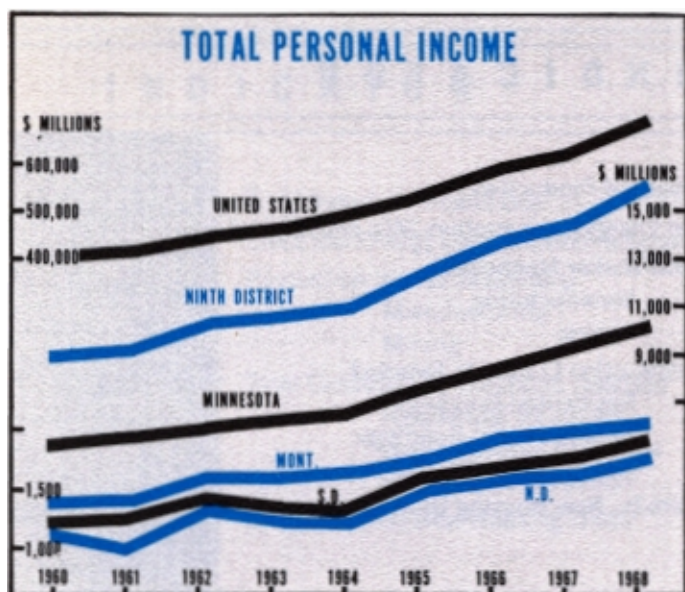
EMPLOYMENT, UNEMPLOYMENT, HOURS AND WAGES:

Employment Security Departments; Minnesota, North Dakota, South Dakota, Montana, Michigan, and U.S. Department of Labor, Bureau of Labor Statistics

RETAIL SALES: U.S. Department of Commerce, Bureau of Census

NEW PASSENGER CAR REGISTRATIONS: Automotive News Magazine

# PERSONAL INCOME IN THE NINTH DISTRICT AND UNITED STATES



Percentage Increases  
1960-68

## PERSONAL INCOME

Minnesota	67
North Dakota	62
South Dakota	57
Montana	46
Ninth District	63
United States	71

## PER CAPITA PERSONAL INCOME

Minnesota	57
North Dakota	64
South Dakota	64
Montana	43
Ninth District	56
United States	54

## DISPOSABLE INCOME

Minnesota	64
North Dakota	60
South Dakota	56
Montana	43
Ninth District	60
United States	68

## PER CAPITA DISPOSABLE INCOME

Minnesota	54
North Dakota	62
South Dakota	63
Montana	40
Ninth District	54
United States	52

SOURCE: Survey of Current Business, April, 1969.